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Joint Inspection Unit

Review of the management of implementing partners in United Nations system organizations

Note by the Secretary-General

The Secretary-General has the honour to transmit to the members of the General Assembly his comments and those of the United Nations System Chief Executives Board for Coordination on the report of the Joint Inspection Unit entitled "Review of the management of implementing partners in United Nations system organizations" (JIU/REP/2013/4).

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Summary

The report of the Joint Inspection Unit entitled "Review of the management of implementing partners in United Nations system organizations" (JIU/REP/2013/4) reviews the methods currently used by these organizations to select and manage implementing partners, attempts to find common elements and challenges and identifies good practices in their use.

The present note reflects the views of organizations of the United Nations system on the recommendations provided in the report. The views have been consolidated on the basis of inputs provided by member organizations of the United Nations System Chief Executives Board for Coordination (CEB), which welcomed the report and supported some of its conclusions.

I. Introduction

1. The report of the Joint Inspection Unit entitled "Review of the management of implementing partners in United Nations system organizations" (JIU/REP/2013/4) reviews the methods currently used by these organizations to select and manage implementing partners, attempts to find common elements and challenges and identifies good practices in their use.

II. General comments

2. Organizations of the United Nations system welcome the JIU report on management of implementing partners. Organizations found the report to be thorough, and consider most of its recommendations to be relevant and actionable, with valuable contributions to improving the management of relationships with implementing partners. Some organizations noted that several of the recommendations contain actions that may not be justified based on cost, particularly for smaller entities, and they would be more applicable and useful to organizations with heavy use of implementing partners and large-scale projects.

III. Specific comments on recommendations

Recommendation 1

The executive heads of United Nations system organizations should act to ensure that their respective partnership arrangements involving the transfer of United Nations resources to third parties (notably implementing partners) are clearly defined as being distinct from other types of partnerships not receiving United Nations funding, as well as from commercial contracts, in order to make sure that appropriate rules and regulations apply in the different cases.

3. Organizations of the United Nations system generally support recommendation 1, which calls for executive heads to clearly distinguish, within rules and regulations, between partnerships that receive funding from other kinds of partnerships that do not receive funding as well as from commercial arrangements. Some agencies are currently refining their existing guidelines to make them more uniform and therefore applicable to a broader range of circumstances, irrespective of whether or not the source of funds originates from within the United Nations, and therefore indicate that they may not be able to apply some aspects of this recommendation.

Recommendation 2

The executive heads of United Nations system organizations should ensure that key information on implementing partners such as expenditures by purpose (programme, project, activity, etc.), modality (e.g., national government entity, NGO/CSO, etc.), and evaluation of their performance are readily available in their organizations. Such key information should be reported regularly to legislative bodies, within the existing reporting mechanisms.

4. Organizations support recommendation 2, with several entities indicating steps already taken or in progress for retaining, within information systems, key data on

implementing partners. Some agencies questioned one aspect of the recommendation concerning the need for differentiated reporting to legislative bodies as such reporting is already included in existing reporting mechanisms. Further, agencies note that the use of implementing partners is one of several modalities used to implement technical cooperation programmes, and therefore question the value of separate reporting. Finally, organizations point out that a key issue in implementing the recommendation will be defining what is meant by the "performance" of implementing partners, suggesting that it would be important to capture not only delivery (i.e., expenditures), but also the results of the project (i.e., achievements and progress towards targets).

Recommendation 3

The legislative bodies of the United Nations system should direct the executive heads of their respective organizations to prepare and submit to them an organization-specific comprehensive strategic framework for partnerships, inclusive of implementing partners, aligned to their overall corporate strategic objectives. Such framework should include an analysis of resources required to operationalize it.

5. Organizations note that recommendation 3 is directed at legislative bodies and recognize its call for the development of an agency-specific strategic framework for partnerships aligned with overall corporate strategic objectives. Most organizations support the gist of the recommendation although some suggested that, rather than having a separate "strategic framework for partnerships", organizations may wish to include aspects of partnerships in their respective strategic plans. Some entities note that implementing partners are not nominally included in the broader corporate strategy, as in some cases country offices identify these during the course of the implementation of their country programmes. It is also noted that resources required would be identified at the workplan level.

Recommendation 4

The executive heads of United Nations system organizations should establish rigorous implementing partner assessment and selection processes designed to determine the capacity and potential weaknesses and risks of an implementing partner, and ensure its capability to fulfil programme delivery requirements.

6. Organizations of the United Nations system accept and welcome recommendation 4, which addresses the need for rigorous implementing partner assessment and selection processes, while noting that the scope of assessments or due diligence activities can depend on the type and mandate of potential implementing partners. For example, a line ministry in a government is unlikely to accept the same levels of scrutiny as a local non-governmental organization/civil society organization, and therefore any standard processes should take this aspect into consideration. For implementing partners that are indispensable for national sustainability, such as ministries, or for hard-to-reach stakeholders, such as grass-roots organizations, assessments are an entry point to capacity development, and not always a selection tool. Further, as noted in the report, some organizations (such as the Office of the United Nations High Commissioner for Refugees, the United Nations Population Fund and the World Food Programme), are already conducting

assessments and due diligence exercises in close consultation with the implementing partners concerned.

Recommendation 5

The General Assembly, in the context of the QCPR [quadrennial comprehensive policy review] and in line with the ongoing effort to develop a common United Nations framework for measuring progress in national capacity development, should commission a system-wide study to take stock of the effectiveness and impact of implementing partner related approaches, initiatives and systems on strengthening national capacities and promoting national ownership in the delivery of programmes and activities for sustainable development.

7. While noting that recommendation 5 is directed at legislative bodies, agencies support and welcome the call for a study to review the "effectiveness and impact of implementing partner related approaches, initiatives and systems on strengthening national capacities and promoting national ownership in the delivery of programmes and activities for sustainable development".

8. Some agencies suggest limiting the assessment of implementing partners to effectiveness and development results, rather than striving for impact studies. Furthermore, it would be important to compare the work with implementing partners to programmes that are implemented directly by the United Nations organizations.

9. Agencies suggest that, when designing the study, it would be important to clearly define what national capacities are being assessed (e.g., project management performed according to United Nations rules and regulations, national planning for sustainable development, etc.). It would be critical to focus on the causality between the United Nations partnership and progress in national capacity, especially the effect of the different modalities (national implementation/national execution as opposed to government-led pooled funds/system-wide action plans) on capacity development. It would also be important to define what is meant by "national ownership" and how it is measured. For example, greater ownership of national development processes and results could be measured by the degree to which national partners are taking the initiative in setting their own priorities and goals, and designing and implementing initiatives to achieve them. It must be noted that capacity development and ownership go hand-in-hand and cannot be separated.

10. Agencies note that within the United Nations system, the United Nations Development Programme (UNDP) has developed a framework for assessing capacities for national planning, implementation, monitoring and reporting, along with indicators. The UNDP capacity measurement approach and framework was developed and rolled out in 2010 to measure changes in capacities as well as resulting performance, stability and adaptability of institutions and systems. Related guidance material including measurement methodologies and tools have been developed and applied in programme countries across all five regions. Furthermore, in 2011 UNDP launched its Capacity Development Tracker to assess the level of integration of capacity development in UNDP projects, and includes measures to determine how well projects have defined capacity development results and indicators in the design. These developments may provide a useful starting point for the recommended study.

Recommendation 6

The executive heads of United Nations system organizations should act to strengthen implementing partner agreements and other legal instruments in line with good practices so as to ensure the inclusion of all provisions needed to safeguard the interests and rights of their organizations.

11. Organizations of the United Nations system agree with the need to strengthen implementing partner agreements to safeguard the interests and rights of their organizations, as called for in recommendation 6.

Recommendation 7

The executive heads of United Nations system organizations should establish risk-based monitoring frameworks to guide their respective organizations in systematically monitoring programmes and projects delivered by implementing partners. The frameworks shall be adapted by country offices to best fit the types of interventions in the country-specific environments.

12. Organizations of the United Nations system agree with the need for informed monitoring frameworks, that include risk assessments, for projects delivered by implementing partners, as called for in recommendation 7, and they note that, in many respects, the revised United Nations Development Group Harmonized Approach to Cash Transfers (HACT) framework meets such requirements. Originally developed in 2005, the HACT Framework establishes a common operational framework for transferring funds to implementing partners with the objective to support a closer alignment of development aid with national priorities and strengthen national capacities for management and accountability while also introducing a risk management approach to cash transfers. The framework represents a shift from assurance for cash transfers derived from project-level controls and audits towards a method of assurance derived from risk/system-based assessments, assurance activities and audits. It has recently been revised to address issues and recommendations identified in the various assessments performed by different United Nations agencies in order to improve its effectiveness.

Recommendation 8

The executive heads of United Nations system organizations should institute training in fraud awareness and prevention, with emphasis on fraud related to third parties, for staff engaged with implementing partners (and especially staff in country offices).

13. United Nations system entities support recommendation 8, calling for executive heads to institute training in fraud prevention and awareness for staff members engaged with implementing partners.

Recommendation 9

The executive heads of United Nations system organizations should revise existing oversight function charters to ensure that they have the right to investigate third parties involved in implementing United Nations-funded activities. The revised charters should be submitted to legislative bodies for approval.

14. Organizations agree with the need to ensure the ability to investigate implementing partners, and some agencies include such provisions within the charters of their oversight bodies, as called for in recommendation 10. However, agencies are not convinced that adding a separate clause to an audit charter to include the "right" to investigate third parties adds much value. They note that even if the charter includes the "right" to investigate third parties, it could not supersede a legal agreement that exists with the implementing partner, and if the agreement does not include an access clause then the third party could deny any request for access to its financial records regardless of the content of the oversight body charter. Therefore, organizations suggest that, in addition to amending the charter, all agreements must include access rights.

Recommendation 10

The executive heads of United Nations system organizations should review the capabilities of their existing automation systems, such as ERPs [enterprise resource planning] and other database tracking systems, with the aim of supporting the management of implementing partners and consolidating related data in these systems. This action should be based on a cost/benefit analysis, taking into account the level of need for such data.

15. Organizations agree that information systems, such as ERPs, can facilitate in the management of implementing partners; however, those agencies that have not already implemented such features agree with the need for a cost/benefit analysis, as noted in the text of the recommendation.

Recommendation 11

The executive heads of United Nations system organizations should instruct country offices to act at the country level to establish, in cooperation with other United Nations organizations, procedures for sharing implementing partner information. Channels for such cooperation should include operations management groups of the United Nations country team and clusters and working groups established under the United Nations Development Assistance Framework, the United Nations Partnership Framework and the United Nations Development Assistance Programme.

16. Organizations of the United Nations system agree that strengthened information sharing regarding the use of implementing partners within the country team environment offers benefits; however, they suggest that existing sharing mechanisms should be evaluated at the United Nations country team level before implementing any new measures.

17. Organizations further noted that the revised Harmonized Approach to Cash Transfers (HACT) Framework (2014) issued by UNDG is an important step in providing greater clarity on the accountability and responsibilities of United Nations organizations and their country teams in the implementation of HACT in programme countries as well as a key management tool for obtaining assurances over operational and financial activities and reporting. The implementation of the revised HACT framework will contribute to greater sharing of information by the participating United Nations agencies, including results of the macro- and micro-assessments and the results of the requisite assurance activities.

Recommendation 12

The United Nations Secretary-General, in his capacity as Chairman of the CEB, should act to ensure that implementing partner policy and management issues become a regular agenda item of the three CEB pillars. Consideration of these issues can occur in a special implementing partner-focused working group or as a standing item in existing functional networks. Issues considered should include, inter alia, strategic frameworks, assessments, selection, agreements, accounting and financial management, monitoring and performance evaluation.

18. While organizations agree that some issues related to implementing partner policy and management could benefit from occasional discussions within the CEB mechanism, they do not see strong justifications to include these issues as a regular agenda item of the three CEB pillars, but rather suggested these issues be discussed as and when required.